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Korean Affairs Report

(FOUO 13/80)



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KOREAN AFFAIRS REPORT

(FOUO 13/80)

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S. KOREA/POLITICS AND GOVERNMENT

CHON TU-HWAN'S CHARACTER, POLITICAL BELIEFS DISCUSSED

Tokyo KOKUBO [THE NATIONAL DEFENSE] in Japanese No 29, Oct 80 pp 40-48

[Article by Toshio Fujioka: "Birth of the Chon Tu-hwan Government and the Future Outlook"]

[Excerpt] Character of General Chon Tu-hwan

Before entering into the central topic of this discourse, let us take a look at what sort of individual General Chon Tu-hwan is.

According to reports, the General was from an early age extremely cautious, had excellent memory and understanding; he was also calm and composed, and had a strong sense of responsibility. Speaking about the personality of the General in an interview with a reporter from the LADY'S JOONG-ANG, his wife, Yi Sun-cha, said, "He is a person so thoroughly strict with himself that he must be first in doing anything." One U.S. businessman recently assessed the General as being "an extremely intelligent person with a quick mind; he can understand difficult matters quickly and has a good sense of humor."

In the army, although a commander with great loyalty to the state and a strong sense of justice and responsibility, he was apparently viewed as being liberated and humane. For example, he frequently lectured his subordinates, saying, "You must be loyal to your commander wherever you go; that is the way to show loyalty to your country." Whenever he had the time, he would visit low-ranking troops, and listen to them and try to solve their problems. When he was commander of the First Division, he contributed the entire "16 May National Award" of 3 million won he received for discovering in the spring of 1979 the tunnel No 3 which had been dug by the North Koreans near Panmunjon to the NCO officers' fund in the division. From these and other accounts, he is said to have been an unselfish and highly humane commander. Furthermore, it is reported that he possesses determination and ability to complete a task once a decision is made, and he holds responsibility for his decision to the end.

It was a man of this character who, as Commander of the Defense Security Command and Commander of the Joint Investigation Headquarters of the Martial Law Command for the President Pak assassination incident, handled the assassins and apprehended Chong Sung-hwa, Army Chief of Staff and Martial Law Commander, who was suspected of participating in the assassination incident, and showed determined efforts to bring the facts of this affair to light.

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This arrest of Chong Sung-hwa has been generally held to be a military purge or coup spearheaded by General Chon Tu-hwan, but the General has denied this in an interview, saying, "If I had attempted a coup, I should have had complete power within that day." Viewed in terms of the outcome, this does seem correct. It may have been his duty but was there not another alternative course? This incident has undeniably lowered the morale of the military.

Following this incident, the General became acting head of the Korean Central Intelligence Agency [KCIA] while remaining as the Army Security Commander and carried out a reform of the KCIA, and on 17 May, extended Emergency Martial Law throughout the entire country to prevent the spread of anti-government demonstrations. In addition, he had Kim Chong-pil and other "corrupt powerful officials" arrested and he embarked on a purge of political circles; at the same time, he arrested Kim Tae-chung on the suspicion of planning a political overthrow.

Court-martial of Kim Tae-chung and the others are currently in progress. The Kwangju riots touched off by Kim Tae-chung's arrest, and the first incident in which the military fired on the public, left much criticism and many lessons, but they were brought under control without any further ripple effects.

As soon as order was restored, General Chon Tu-hwan assumed the post of Standing Committee Chairman of the Special Committee for National Security Measures, and prepared to accomplish what had been impossible to achieve, even under 18 years of Pak rule, a purge of irrational elements from the society. He unfolded a "Social Purification Campaign" to expel corrupt, incompetent, and idle government workers and civil servants, discontinue extracurricular education, and cleaned up delinquents and gangster organizations. He also carried out a reorganization of corporations.

The general public welcomed with open arms the General's sense of justice, determination, and ability to act. The people drew self-confidence from this. In addition, a fervor for social reform and both internal and external circumstances appear to have hastened the advent of the Chon Tu-hwan government.

Factors Behind the Advent of a Chon Tu-hwan Government

The first and foremost domestic factor that accounts for the early development, contrary to general expectations, of the Chon Tu-hwan government was the fact that the people demanded political stability as quickly as possible and wished to escape the economic depression.

It was probably in order to satisfy the desire of the people for abolition of the existing system of dual government, consisting of the "President" and the "Special Committee on National Security Measures," in which the true base of power was unclear, and probably he judged that it was necessary to display powerful, centralized leadership. Also, he probably thought that it was possible to shorten the political schedule. This is suggested in a comment made by the General during an interview with THE KOREAN TIMES: "The sooner this period of excesses ends, the more favorable will this be for security and economic development."

Next we can view General Chon Tu-hwan through his personality--his drive to assume responsibility for something he has started and to see it through until it has been

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accomplished. More specifically, his sense of responsibility has probably led him to try to solve on his own the matter of the Kim Tae-chung trial, which has drawn much criticism worldwide, rather than shift this responsibility onto someone else.

Next, there are international factors. The first one that comes to mind is the judgment that, in order to correct the awkward relations with the U.S., with whom ties had been very close, it was necessary to bring about a change before the U.S. presidential election. The statement made by Commander Wickham of U.S. forces in South Korea in an interview with an AP reporter, "The U.S. supports the inauguration of General Chon Tu-hwan as president," had no doubt encouraged Chon Tu-hwan. For this reason, on 19 August, just prior to the inception of the Chon Tu-hwan government, Ch'oe Kwang-mal, Secretary to the former president (the first secretary-at-large of the Chon Tu-hwan government) was dispatched hurriedly to the U.S. to seek the understanding and support of the current U.S. administration.

The second factor appears to be an awareness of North Korea. Definitive reports indicate that Kim Chong-il, the eldest son of President Kim Il-song, will surface as the successor at the upcoming North Korean Sixth Party Congress to be held in October. It appears that, consequently, one aim was to establish a Chon Tu-hwan administration in South Korea before a Kim Chong-il government was set up in North Korea.

The fact that General Chon Tu-hwan, in an interview with a NEW YORK TIMES reporter, pointed out that "in North Korea, 39-year-old Kim Chong-il has come to power," and that "in South Korea, too the time for a leader in his early 50's has come" seems to indicate this awareness.

The third factor appears to be the belief that in order not to fall prey to the North Korean propaganda and instigations in the upcoming U.N. General Assembly, and in order to cooperate with nonaligned nations, the existence of a powerful and stable government is essential.

Although it is true that the Chon Tu-hwan government hastily conceived under these circumstances is currently, like the Ch'oe Kyu-ha government, a government of excesses, the distinguishing feature of the present government is that it is a new government by a new generation that underwent a thorough, post-liberation nationalist education.

Policies and Administrative Attitude of the Chon Tu-hwan Government

President Chon Tu-hwan, in the opening address at the inauguration ceremony that took place starting at 1100 on 1 September, disclosed the following policies for establishing and realizing the national goal of "building a democratic welfare state." (key points)

(1) In the 1980's, fraud and corruption, the maldistribution of wealth, moral decline, and other vestiges of the old generation shall be swept away and the indigenization of a democracy that accords with our native political climate, the building of a true welfare state, the realization of a just society, and the remolding of the national spirit shall be the foundation of government policy.

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(2) A national referendum on revising the constitution shall be held in October, and elections to be conducted during the first half of next year. Once the matter of the constitution has been settled, political activity shall resume and the elections be held in an atmosphere of freedom.

(3) Democracy in our nation shall be based on free democracy, but survival and security must be assured, government incompetence eliminated, economic development supported, and an observance for native traditions and cultural background demonstrated; we must have responsible government and a responsible administration.

Convention in accordance with procedures outlined in the constitution for the peaceful transaction of governments shall be established without fail.

(4) Economic development under a system of free competition shall be maintained. However, the over-protectionism of enterprises shall be discontinued, their structure strengthened, and the mode of economic operation converted to private leadership.

(5) Autonomous national defense is the cornerstone of a peaceful settlement of the Korean problem. The national defense posture shall continue to be strengthened by upgrading the army, raising morale, and steady development of the defense industry.

(6) Fraud and corruption of power shall not be tolerated, and distrust in government dispelled. Honesty, discipline, and a creative spirit shall be cultivated from childhood.

(7) The tendency in education for bias and distortion in the instilling of knowledge shall be corrected. In particular, actions such as the sudden interference of university students in politics and attempts to break up the social order shall not be permitted.

(8) The Social Purification Campaign shall not end merely with the removal by physical means of negative elements, but will continue through the encouragement of positive elements.

(9) North-South talks will continue to be promoted with great perseverance, and solutions will be reached starting with simple problems.

(10) Close, friendly, and cooperative ties will be maintained, continued, and extended with not only the United States and Japan, but all our allies. With countries of differing ideology and organization, doors will be open based on the principle of reciprocity. Substantial cooperative relations with nonaligned countries will be continued and increased.

The majority of President Chon Tu-hwan's inaugural address, of which the above points form a part, was devoted to the subject of democracy. Within this address, he makes the following admonitions.

(1) The president does not rule over the people; he serves the people. Authority is delegated by the people for only a given period of time.

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- (2) A peaceful transition of governments shall be established without fail.
- (3) I shall not tolerate fraud or corruption in myself or in those about me.
- (4) Initially I will start out with great zeal and a sense of justice, but under no circumstances will I become lax and negligent with the passage of time.

Moreover, in instructions for the appointments, of the Cabinet and other officials which started the next day on 2 September, he made the following statements with regard to administration attitude of an "open government."

- (1) I will not erect a barrier of people. In order to hear the voice of the public, I intend to meet with as many people as possible.
- (2) Reestablishing the people's trust shall be a vital part of the enforcement policy; our goal must be an "open government" based on dialogue and opening up of government to the public.
- (3) A policy that caters to the public sentiment or that makes a conspicuous show shall not be established; an official demeanor of inconstancy must be replaced by the strength to see government policy through to fruition.
- (4) Apart from other matters, I, for my part, am determined that at least a tradition of peaceful administrative transition shall be established.

This attitude of the president can, at first glance, be taken to be that of a military commander. It appears, however, to be the product of the president's own personality and the lessons learned from 18 years of the Pak government.

With regard to a "peaceful transition of governments" in particular, the strong determination of the president could even be characterized as tenacity; he seems to perceive this occasion as the "last opportunity to save this country" (remark made in an interview on 11 August with the president of KYONGHYANG SINMUN).

Urgent Problems Confronting the Chon Tu-hwan Government

On 2 September, President Chon Tu-hwan tentatively established a Chon Tu-hwan administration by setting up the Nam Tok-u Cabinet composed of young, U.S.-educated elites and economic experts. Yet, a mountain of difficult problems lies before this administration, and it does not promise to be a smooth sailing.

The problems that the Chon Tu-hwan government must resolve immediately appear to be the following.

First and foremost is that of overcoming the economic depression. How shall this be solved? The most troubling current problem to the people is the economic problem; the outcome may very well have a great influence on confidence in the Chon Tu-hwan government.

Second is the improvement of what have up to now been awkward relations with the United States and Japan. The U.S. image of Korea appears largely to be split into

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two views, but a remnant of deep mistrust towards Korea remains. And with Japan, the air has not yet been cleared on the Kim Tae-chung problem.

This mutual distrust may have a large influence not only on relations between South Korea and both the United States and Japan, but also on the [political] situation in Asia.

Third is the question of how political parties should be fostered in preparation for the resumption of political activity. The manner in which this is resolved, as with the economic problems, may have bearing on political distrust in the Chon Tu-hwan administration.

Fourth is the question of the process by which the free will of the people will be expressed when the proposed constitution under study by the present government is submitted to a public referendum. Will this be limited only to a "yes-no" question as in the administration preceding it, or will an attempt be made to assimilate the true wishes of the people by another method? The degree of detail of such arrangements is also a very pressing issue.

Lastly, there is the problem of what to do about the North-South talks between leaders that have tapered off. North Korea maintains that "dialogue with Chon Tu-hwan is impossible." The retreat again of the North Koreans from the parleys after they have finally been drawn to the negotiating table will certainly be a major loss to future North-South relations.

All of these are major topics that the Chon Tu-hwan government will have to solve immediately. However, none of these problems is of the sort that lends itself to a rapid solution.

In addition, although they cannot perhaps be regarded as pressing issues, the creation of an environment that will guard against the rise of student demonstration, the reinstatement and guarantee of a livelihood to those who have been purged from the workplace, and the handling of military personnel and the Kim Tae-chung affair are all major problems as well. The true worth of the Chon Tu-hwan government will be judged both domestically and abroad on the basis of how these problems are resolved.

Conclusion

President Chon Tu-hwan has assumed the presidency by exactly the same process as the late President Pak. That is why his government is called the "Second Reformist System," and also, presumably to prevent such an eventuality, President Chon Tu-hwan strongly admonishes himself against "stepping into the ruts of the past."

Yet, even with this said, insofar as one is human, changes of mind do occur, and there are cases possible in which one can not act in a public role by oneself. This being so, even if the President pledges, in a loud voice, to "establish without fail, conventions for the transition of governments" and not to "tread in the ruts of the past," there is no absolute guarantee that this will be carried out in practice.

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It is hoped that the Chon Tu-hwan government, which is thoroughly familiar with the merits and failings of 18 years of Pak rule, shall retain those original aspirations that generally accompany the birth of a government, and that a bright, sound Republic of Korea shall be built as soon as possible by "open government" and a "trusted administration."

<[Background] Data - I> Brief Personal History of President Chon Tu-hwan

- 23 January 1931: Born the 4th of 6 children (older sister, older brother, older sister, the President, younger sister, younger brother) in a farming family in Naecho-ri, Yulgok-myon, Hapchon-kun, South Kyongsang Province. Moved to 288 Pisan-tong, Taegu while in 6th grade in primary school.
- 25 March 1945: Graduated from Hido Primary School.
- 15 October 1951: Graduated from Taegu Technical High School.
- 30 September 1955: Graduated in 11th class of the Korean Military Academy, the first under a full 4-year curriculum; appointed Second Lieutenant.
- 1958: Company Commander, 72nd Regiment of the 25th Division; married Yi Sun-cha, whom he had met while a military cadet (she was the daughter of the then Chief of Staff Yuk Sa-sam and was at that time a first-year student at Ehwa Women's College).
- 3 January-20 April 1959: Entered the military English course at the Army Adjutant School.
- 12 June-25 November 1959: Studied abroad at the U.S. Army Special Warfare School.
- 4 July-15 December 1960: Overseas study in the guerrilla warfare curriculum at the U.S. Army Infantry School.
- 10 April 1961: Acting Chief of the Planning Section, Army Headquarters Special Warfare Division.
- 13 September 1961-9 August 1962: Served with the office of the chairman of the Supreme Council for National Reconstruction.
- 7 January-28 August 1963: Personnel Administration Section Chief of KCIA.
- 15 September 1963-30 August 1964: Joined personnel staff at Army Headquarters.
- 27 June 1965: Graduate from Army College.
- 11 August 1966-10 August 1967: Deputy Commander, First Airborne Division.
- 11 August 1967-30 November 1969: Commander of the 30th Battalion, Capital Defense Command.

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1 December 1969-21 November 1970: First Adjutant to Army General Chief of Staff So Chong-ch'ol.

22 November 1970-14 November 1971: Commander of 29th Battalion, 9th Army Division dispatched to South Vietnam.

15 November 1971: Commander of the First Airborne Division.

1 January 1973: Brigadier General.

14 June 1976: Assistant Deputy Director-in-Charge of Strategy, Presidential Office of Security.

1977: Major General.

23 January 1978: Commander of the First Division (Discovered Tunnel No 3 dug by the North Koreans near Panmunjon).

5 March 1979: Defense Security Commander under the direct control of the Secretary of Defense (following the assassination of President Pak, he also assumed the post of Commander of Joint Investigation Headquarters of the Martial Law Command).

1 March 1980: Lieutenant-General.

14 April-18 July 1980: Assumed post of Acting Chief of KCIA, concurrently Defense Security Commander.

31 May 1980: Chairman of the Standing Committee of the Special Committee for National Security Measures.

5 August 1980: General.

22 August 1980: Assumed reserve post.

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S. KOREA/ECONOMY

AUTO INDUSTRY REORGANIZED TO ENABLE SECOND ECONOMIC DEVELOPMENT

Tokyo NIKKEI SANGYO in Japanese 30 Sep, 1 Oct 80

[Article: "South Korea's Experiment--Reorganization of Automobile Industry"]

[30 Sep 80, p 2]

[Text] Drastic Therapy for Oversupply--Production Restructured in Two Groups

The greatest issue before the ROK is the rebuilding of the economy, and just recently a bold industrial restructuring policy has been advanced to increase the investment efficiency of heavy and chemical industries and prevent excessive competition among companies. In accordance with this policy, the automobile industry will be divided into two groups, and the existing manufacturers are to be reorganized and unified. As a result, the Hyundai Group is to manufacture passenger cars and the Kia Industrial Group is to manufacture trucks. The detailed arrangements are now being worked out. Some feel that this restructuring will be relatively successful since the strong direction for industrial reorganization is backed by the power of the army. Others have pointed to the limitations and harmful effects of a forced industrial reorganization. The outcome of this new experiment is a focus of concern inside and outside of the ROK.

Big Three Survive

On 20 August, the Special Committee for National Security Measures announced the reorganization and unification of heavy and chemical industries. According to Kum Chin-ho, chairman of the Subcommittee of Commercial and Industrial Resources: (1) the Hyundai Motor Company and Sehan Motor Company will be integrated into a company of the Hyundai Group and manufacture passenger cars under the responsibility of the Hyundai Group; (2) the Kia Industrial Company will stop manufacturing passenger cars and specialize in the manufacture of trucks. In addition, the Daewoo Group which holds 50 percent of the stock of Sehan Motor will take management responsibility in manufacturing power-generation and construction equipment and "pull out" of the auto industry.

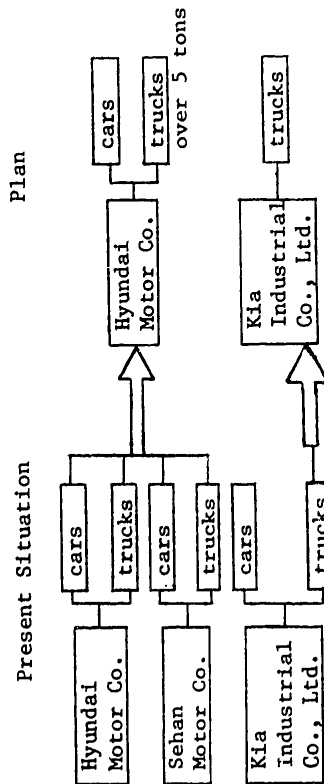
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Present State of the Korean Automobile Industry

(units: money in 100 million won; production capacity in 10,000 vehicles; no. of employees in no. of persons)

Manufacturer	Year Established	Capital	Capital Composition	Source of Technological Assistance	Models Handled	Production Capacity (1979)	Sales in 1979	No. of Employees (end of 1979)
Hyundai Motor Co.	1967	382	100% Hyundai Group	Ford, Mitsubishi Motors	Pony, Cortina, Granada	14	2,690 vehicles	12,442
Sehan Motor Co.	1972	230	50% Daewoo Group 50% GM	GM, Isuzu Motors	Gemini, Record, Royal	10	1,504 vehicles	9,274
Kia Industrial Co., Ltd.	1944	150	100% Kia	Toyo Kogyo Co., Ltd., Hino Motors	Breeze, Peugeot	10	1,813	4,602

Reorganization Plan



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Hyundai Motor, Sehan Motor, and Kia Industrial are the three major carmakers in the ROK. Others include the Asia Motor Company, of the Kia Industrial Group, and the Tong-a Motor Company, which manufactures buses. However, the big three have an overwhelming share of the market. As to production capacity, Hyundai manufactures about 140,000 vehicles annually and Sehan and Kia each produce about 100,000 vehicles a year. All three companies produce cars, trucks, and buses.

Under the overall plan for reorganization and streamlining, automobile and truck production, which all three companies have participated in up until now, will be unified. Hyundai Motor will concentrate on passenger-car production and Kia Industrial on trucks. The trucks which Kia will specialize in will be under 5 tons. Trucks over 5 tons and buses will continue to be produced by both Kia and the company formed by merging Sehan Motor with Hyundai.

Recently the number of automobiles in the capital city of Seoul has increased visibly. Cars, taxis, buses, and trucks crowd the major thoroughfares, almost bumping into each other in the narrow traffic lanes. "The coming readjustment of the auto industry is like abolishing the narrow traffic lanes and changing them to two wide lanes," explains a Japanese trading company that exports automobile parts to the ROK. Until now, all the manufacturers have produced and sold in the name of free competition. But at a certain point, this resulted in oversupply, so the government had to take drastic measures.

Results Under Military Regime

This adjustment of chemical and heavy industries did not emerge all of a sudden. In the past, the government has arranged discussions between the companies when incidents occurred, but there was no sign of real progress because of conflicting interest among the great financial combines. It finally became a reality under strong leadership backed by the military. It is reported that through the intervention of the Special Committee for Security Measures, the leaders of the Hyundai and Daewoo Groups hammered out a deal on who would take automobiles and who would take power generation. Whether or not this is true, it is a fact that the Special Committee for Security Measures is exerting strong leadership.

The focus of attention now is what GM (General Motors), which holds 50 percent of Sehan Motors stock, will do. With the merger of Hyundai Motor and Sehan Motor, the capital of the new company will be approximately 61.2 billion won, provided there is no stock increase. This means that GM's share, which was 50 percent of Sehan, will be reduced to 18 percent after the new company is established. Hyundai reportedly wants to hold GM's participation right where it is after the new company is established, so that GM will hold only 18 percent of the stock. GM, on the other hand, wants to increase its equity holding in the new company to 50 percent. For this purpose, a 12-member business-level negotiating team went to Korea in the last part of last month and is now conducting active discussions with Hyundai and related organizations, planning to obtain a final decision at the end of this month. GM is apparently insisting on a 50 percent capital ratio and wants to increase capital and subscribe to new shares. In any case, the decision will most likely be made this month.

Another aspect of the problem of unifying car and truck production is the models to be produced. In the area of passenger cars, Hyundai receives technological

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assistance from Ford of the United States and Mitsubishi Motors of Japan. The three main models are the Pony, with parts imported from Mitsubishi and the design taken from Italy, and the Cortina and Granada, using parts from Ford. Sehan Motor, tied up with GM and Isuzu Motors, produces the Record and Chevrolet (GM) and Gemini (Isuzu). Kia Industrial is connected with Toyo Kogyo and assembles the Breezer.

Concern Over Industrial Growth

Since Kia Industrial will stop producing passenger cars, it will out of necessity stop producing the Breezer. The problem is adjusting the models produced by Hyundai and Sehan. At present, trading companies have large inventories of all models. There is also the problem of after-sale service to customers, so it is expected that the model line of both companies will continue to be manufactured for a certain period and then be narrowed down when appropriate.

Apart from this, the employees of Sehan Motor Company will be transferred to the new company after the merger of Hyundai and Sehan. No one will be fired. This is in accordance with the policy of the Special Committee for National Security Measures that, as a matter of principle, there will be no dismissal of employees in connection with the merger.

The restructuring of the auto industry seems to be proceeding smoothly under the edict of the Special Committee for National Security Measures. The question is whether growth of the auto industry can be expected while the principle of free competition is restricted. This is because the ROK auto industry is faced with a tremendous number of problems in productivity, quality control, and marketing strategy.

[1 Oct 80, p 2]

[Text] Efficient Operation Difficult--So Is Precise Quality Control

"I test-drove a Korean car. There was nothing particularly wrong with it. It was a fine car. But there was something missing. I don't know if this is the right way to say it but it didn't have the new car 'smell'." This is the appraisal of a Korean car by one Japanese auto manufacturer. It is a harsh evaluation perhaps, but in a way it is very accurate. The ROK auto industry has raced along in an environment of expanding domestic demand and growing exports. But the brakes were put on as the Korean economy, once called the "Han River miracle," slowed down, and a number of problems have begun to emerge.

Sudden Slump in Domestic Demand

Internal demand for automobiles has slumped sharply since the second half of last year as business stagnated. According to an industry spokesman, the total sales of the big three, Hyundai Motor, Sehan Motor, and Kia Industrial, from January to August was 65,917 vehicles, a huge 40 percent drop compared to the same period last year. Broken down by manufacturer, this was 32,494 for Hyundai, 13,039 for Sehan, and 20,384 for Kia, all far below the performance for the same period last year.

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The inventory of all manufacturers is piling up due to the dropoff in sales. Hyundai Motor has 2,100 cars, Sehan 851, and Kia 3,630 in back inventory of finished vehicles alone. This puts financial pressure on all the manufacturers. The present average rate of operation of the entire industry is said to be less than 30 percent of capacity and all the manufacturers are faced with the headaches of idle plant facilities and excessive manpower.

Until the beginning of last year, everything was rosy for the auto industry. Hyundai, the industry leader, planned to expand its Ulsan plant on the southern coast of the Korean peninsula by 1981 to up the present annual production of 140,000 vehicles to 250,000. Of these, the plan was to expand production of the main model, the Pony, to 200,000 vehicles a year. Furthermore, it was estimated that exports to the Middle East, Europe, and South America would be much greater in 1980 than in 1979 and the order went out for a big export expansion. It was a fact that until that time both internal demand and exports had followed an un-deviating path of expansion, and continuing at the same rate, a steady increase could have been expected in 1980.

Beginning in the last half of 1970, the auto industry became a star performer in ROK industry. In terms of production, the 48,000 vehicles produced in 1976 grew to 214,000 in 1979. With rapid growth of the economy, the per capita GNP (gross national product) jumped from 700 dollars in 1976 to 1,624 dollars in 1979 and the Korean people had finally reached the income level at which they could afford private cars. At the beginning of last year, the president of one auto company was applauded for saying in a speech to his employees, "The day is not far distant when you too will be able to buy cars." And certainly, looking only at the tendency of past economic growth, this did not seem, under the circumstances, to be a dream.

However, when business slumped, the brakes were applied to the auto industry as well. Overproduction suddenly became apparent and the manufacturers rushed to sell in any way they could and competition became excessive. This is certainly the reason that the Special Committee for National Security Measures came out with the policy to reorganize and unify the industry. They judged that if excessively competitive investment continued, the auto companies and financial institutions would go down together and so announced the plan for restructuring the industry.

Problems in Competing Internationally

There are some questionable aspects to the action of the Special Committee for National Security Measures. The damage that could be caused by regulating free market relationships from above and adverse effects on economic growth must be considered. The first difficulty is whether, without the operation of the principle of competition, sufficient strength can be mustered to compete with other countries. An even greater problem is how to improve the productivity, quality control, and marketing strategy of the Korean auto industry from this point on.

Productivity--The new company made by merging Sehan Motor Company with Hyundai Motor will have approximately 20,000 employees. And as a matter of principle, no one will be fired in connection with the merger. At present, there are already too many employees because of curtailment of operations. How will assignment changes be handled and how will workers be supervised? At Hyundai's Ulsan plant,

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reportedly a great effort was previously made to cut the per-unit production time in half for the Pony. It will be much more difficult to operate efficiently with twice as many workers. Also, not only in the auto industry but throughout ROK industry, there is a high separation rate. Therefore, skilled workers do not stay long and workers' morale tends to fall. Improvement of productivity depends on the solution of this problem and finding a way to control the rate of wage increase which has been extremely high over the last 4 years.

Quality Control--There are reports of air conditioners breaking down quickly in cars exported to Saudi Arabia, and although seat belts were installed on all Korean cars by executive order, defective products are continuously being produced and claims are unending. These are the kinds of quality control problems in Korean cars. When the Japanese auto manufacturer said that Korean cars do not have a new car "smell," he was probably pointing out a lack of careful attention to detail in comparison with cars made in America, Europe, or Japan. Technological improvement and sufficient quality control will be necessary if exports are to be expanded in the future.

High Gasoline Prices

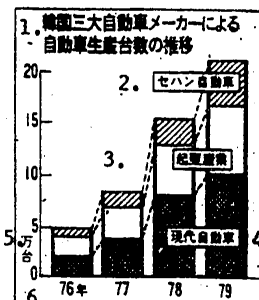
Marketing Strategy--Many people are saying that sale prices should be lowered to create more internal demand. The present price of the 1200 cc Pony, known as a car for the average man, is a little above 5,000 dollars. The 2000 cc Granada is about five times this. For the average South Korean, the Granada is entirely out of reach and to buy even a Pony is almost impossible. As yet, only a small group of the wealthy own cars, and there is a strong opinion that a lower-priced car must be produced for the masses to broaden the base of demand. The time has arrived when even the manufacturers will begin to think seriously about this.

Another obstacle for the Korean auto industry is the extremely high price of gasoline. This is caused by the total reliance on imported oil. Regular gasoline costs 600 won, or about one dollar per liter. The rate of inflation is high and gasoline price hikes are made one after another. There is a momentum that will bring further increases. Unless some action is taken against fast rising gas prices, there is a high probability that consumers will turn away from the auto industry.

A reorganization of the Korean auto industry has begun. It is necessary for the growth of the industry to take this as an opportunity to act in solving the industry's problems one by one. During this business slowdown it is absolutely necessary for the auto industry to build up fundamental strength in preparation for the future, to make possible another economic recovery, a second "Han River miracle."

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Key:

1. Progress in No. of Vehicles Produced by the Big 3 ROK Automakers
2. Sehan Motor Co.
3. Kia Industrial Co.
4. Hyundai Motor Co.
5. No. of vehicles in units of 10,000
6. Year

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S. KOREA/FOREIGN RELATIONS

ROK-JAPAN ECONOMIC, DEFENSE TIES TO BE STRENGTHENED

Tokyo MAINICHI SHIMBUN in Japanese 30 Sep 80 p 1

[Article: "Fukuda and Chon Agree on Resumption of Japan-ROK 'Parliamentarian Union'; Emphasis to Include Defense Ties"]

[Text] With the consolidation of the Chon Tu-hwan regime in South Korea, the various aspects of Japan-ROK ties are undergoing review and restructuring. It has been revealed that former Prime Minister Fukuda, who was in South Korea recently to pay his respect at the grave of former President Pak, held a talk with President Chon Tu-hwan. During the talk, he proposed and received the host's approval to the following: (1) Resumption of the now defunct Japan-ROK Parliamentarian Union and its counterpart in South Korea, the ROK-Japan Parliamentarian Union; (2) appointment of either Mr Fukuda himself or Mr Shin Kanemaru (former Director General of Japanese Defense Agency), a Liberal Democratic Party [LDP] member, as the chief Japanese representative at political "level" involvement of the two countries. This was revealed on the 5th by LDP sources versed in Japan-ROK affairs. The fact that Mr Kanemaru's name surfaced among the personnel involved in Japan-ROK relations is expected to draw attention since it shows that South Korea is emphasizing not only the economic but also the defense ties between the two countries.

Kanemaru Cited as New Chairman

According to the same sources, Fukuda and President Chon Tu-hwan discussed privately the resumption of government "level" activities on 25 September at the presidential residence in Seoul, without the parliamentary members accompanying Fukuda. During the talk, the President first expressed the view that, "Economic ties are vital to our country but no less vital is the emphasis on defense." In response, Mr Fukuda spoke of resuming the Japan-ROK Parliamentarian Union and added that he wished to see Mr Kanemaru as Japan's representative. It is reported that since Mr Kanemaru has held talks with the President, on his visit to South Korea last August, the latter indicated his agreement by replying that "Mr Kanemaru is acceptable."

On his return, Fukuda telephoned Kanemaru about the talk. The latter reportedly responded that, "In view of the importance of the future Japan-ROK relations, it is desirable for you (Fukuda) to fill the post of chairmanship, vacated after Mr Chu Funada died. But I will do my utmost to respond to the demands of the post."

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As for the exchange between the two countries at political "level," a firm "route" had once connected the Japanese and South Korean personnel when the Japan-ROK Parliamentary Union and the ROK-Japan Parliamentary Union were instituted. But the Union in South Korea became inactive when the authorities there declared martial law nationwide on 17 May, arresting Kim Tae-chung, Kim Chang-pil (former premier), chairman of the ROK-Japan Parliamentary Union, and Yi Pyong-hui (former minister of foreign affairs), secretary-general of the Union, on charges of illegal accumulation of wealth, and confining them under house arrest. In particular, the South Korean authorities, from the viewpoint of eliminating unjust practices, have shied away from Japanese officials with ties with Kim Chang-pil and Yi Pyong-hui, and have not responded to requests for conferences, not to mention visits.

The changes in the attitude on the part of South Korea occurred recently. It began on 5 August, when Chon Tu-hwan, the then Commander of the Defense Security Command, met with Shinya Tozuka and Tomoharu Tazawa, the two visiting members of the House of Councilors. On 13 August, Kanemaru and Noboru Minowa, former Parliamentary vice minister of the Japanese Defense Agency, met with Director Chon. The present state of things indicates that the change in leadership from Pak to Chon is forcing reshuffling of personnel involved in Japan-ROK relations. The shift in emphasis from economy to defense is already apparent in the changes in the representation at the "level" of trade firms. Informed sources analyze that "personnel may shift from politicians in 'line' with Kim Chang-pil and Yi Pyong-hui to those more enlightened in defense matters." Although, on account of his participation in the "Northeast Asia and Pacific Area Affairs Confab," Kanemaru's ties with Yi Pyong-hui and others run deep, on the whole, he was never really in the mainstream of the Japan-ROK Parliamentary Union proper. He will certainly play a central role in the upcoming changes in personnel. Conceivably, he may be chosen over Fukuda as the chairman of the Japan-ROK Parliamentary Union.

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N. KOREA/POLITICS AND GOVERNMENT

JAPANESE SCHOLAR ON NORTH KOREAN CULTURE, POLITICS, ECONOMY AFTER VISITING DPRK

Tokyo EKONOMISUTO in Japanese 5, 12-15 Aug 80

[Article by Hiroharu Seki, professor of International Politics, Tokyo University]

[5 Aug 80, pp 50-55]

[Excerpts] Developing Nation Plans to Establish State on Basis of Education from 30 May to 10 June of this year, Professor Seki visited the Democratic People's Republic of Korea, a close but yet distant country, as a member of a seven-man delegation of scholars visiting North Korea (led by Masanao Saito, former president of Meiji University), and made first-hand observations of the country's economy, politics and culture. Two reports on North Korea will be published here.

Outdated Policy of Hostility

Pyongyang is now a clean and, in fact, beautiful city. Pyongyang was completely destroyed during the Korean War from June 1950 to July 1953. It is said that 428,000 bombs were dropped on Pyongyang and only three houses were left standing. Pyongyang's population is 420,000. More than one bomb per person fell.

However, in less than a mere 10 years, the ruins were splendidly restored to life. Groups of high-rise French-styled apartments, distinctive in color and design, stand together in large numbers among green, grassy areas. The feeling is by far softer than in Soviet Moscow.

The honest impression of the life of the general population of the People's Democratic Republic of Korea (North Korea), sustaining this cleanliness and beauty in Pyongyang, is that of well-disciplined abundance. Until now, the ideological propaganda of Chuche thought of North Korea was publicized in Western nations more than its actual conditions. No one could know the actual conditions in the republic from that. First of all, I want to discuss this country's economy with figures. And then it will be necessary to verify that through personal experience.

I am the only one among the seven-member group who had visited the Republic of Korea in the south. Because of that, I was blessed with the rare opportunity of being able to compare the North and the South through my own eyes. Likewise,

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I was able to look at the actual conditions of North Korea comparing them with the Southeast Asian countries where I have visited or lived for a rather long period of time, and with third world countries, such as South Asia, West Asia and Africa, which I have visited on investigative trips or conferences.

Moreover, there was a great value in making comparisons with the USSR, China and the Eastern European countries. It would not be enough for a person visiting North Korea just to discuss it in comparison with the advanced industrial nations of the north. It is necessary to compare it with other third world countries and other communist bloc countries. And then, efforts must be made to discuss North Korea with many people in objective terms, easily understood by people in the Western advanced industrial nations, not in North Korea's peculiar terminology.

Development of North Korea's national economy is a question totally extraneous to the question of foreign debt payments. Certainly, during the visit to North Korea, I could not help but be concerned about this problem.

On 7 June, I unreservedly asked questions about the main causes of the present foreign debts when I had the chance to talk with Yu Hae-yong, an economic bureaucrat who is a Foreign Cultural Association councilor. Besides attributing the reasons to the fact that it was impossible to export from Korea because the capitalist countries were in a depression due to the oil crisis and it was difficult to charter ships for exporting, Yu Hae-yong made reference to the pressure of military expenditures due to the temporary increase in tension on the Korea peninsula since the Vietnam War.

However, on the other hand, it is common for many countries to have deficits from the changes in the world's economy when imports and exports are carried out on a world-wide scale. A trade deficit can occur even in developed countries; the U.S. is no exception. Especially for developing countries, since plants are imported from other advanced industrial nations, it takes several years to have export sales after the plants are in operation. He also stated that it is intentional political propaganda to tie the lack of foreign currency to national impoverishment.

The following also came out in Yu Hae-yong's explanation: North Korean authorities' trade policies are based on maintaining an equilibrium between revenues and expenditure on a bilateral basis, and they tried to pay import costs with export payments, but with the oil crisis the foreign currency program became upset--this interpretation is close to the truth. However, clearly the delay in foreign debt payments stemmed from North Korea's unfamiliarity with the international economic system centering around GATT and the inability to create long-term credit from the developed nations on a multi-lateral basis. Perhaps a more accurate analysis is that the foreign debt burden in North Korea, which had not established a system of foreign credit, became even more serious.

Prize Pupil Among Developing Countries

It can be also said that because North Korea's dependence on trade is small and an independent economic system is too strongly established, confusion in the world economy affected solely its foreign debt payment. During my observations of North Korea over an 11-day period, I have obtained material reinforcing precisely this point.

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As a result of our discussions with North Korean business experts (economic bureaucrats), it was almost certain that per capita GNP of the Democratic People's Republic of Korea reached 1,920 dollars in 1979. This clearly surpassed South Korea. It is between Singapore and Malaysia. Since I have lived in Malaysia for a long time, I can say with confidence this is accurate both from the aspect of figures and the aspect of experience. It is not wrong to say that North Korea belongs to the fellowship of prize pupils among the developing nations.

Kim Il-song has already stated that GNP was more than 1,000 dollars in 1974. Since the value of the dollar, which is the standard, has rapidly fallen, it would be markedly different depending on the value of the dollar of the particular period. In this sense, all GNP standards are time-sequentially difficult to compare in the same country. That difficulty compounds even more between different countries. That is also due to the fact that per capita GNP and per capita national income are too rigidly averaged.

Within one country, what differences are found within the average? That is, what is the degree of the disparity of wealth? What about the differences between cities and rural villages, and also between specific groups in specific areas? All these have not come into the scope of the problem. Also, the complexity of the internal components of per capita GNP must be considered in the question. In the last analysis, this will differ depending on the pattern of systematization of a country's economy. If such internal components of per capita GNP are not considered, GNP can never be a measure of the capacity of the welfare level nor the development potential which the nature of the economic system brings forth.

As a matter of fact, this has recently become a subject that should be fully reexamined even in the industrialized nations of the West. This is why there have been many attempts among economic experts to create a new index. However new development theories and growth theories substantiating this index have so far been lacking--it may be said they have been completely lacking. Of course, it is worth mentioning that new development theories and growth theories are being grouped for internationally and academically in the form of discussions in "Goals, Processors and Indicators of Development--GPID" and "Social and Cultural Alternatives in the Changing World--SCA" within the "Human and Social Development--HSD Plan" of the United Nations University. However, as theories, they are still in an immature state.

On this point, it can be said that in North Korea we saw many examples which could contribute remarkably to the UN University project.

Education System Completion is the Key

First of all, we visited a children's amusement park in Pyongyang similar to "Tama Tech" and then were shown a Children's Palace. The entrance fee is cheap (an estimated 6.5 yen) for the amusement park where there are 10,000 visitors on a busy day and 50,000 visitors on the busiest day, Kim Il-song's birthday. Even for the roller coaster, the fare is 65 yen for adults and 26 yen for children. But in this country where the lowest worker's income is a little more than 9,000 yen, this (roller coaster) is regarded as a somewhat expensive, free choice amusement.

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The Children's Palace is a completely free facility integrating rights and duties. That is, it may be said that the Children's Palace is a service facility for extracurricular activities located on the continuum of regular school education.

The extracurricular activities developed within North Korea's compulsory education are completely systematized. On this point, it is thought that there cannot be any other country with as much thoroughness as North Korea. Children's Palaces are located in every administrative unit, starting with each city outside Pyongyang and are central strongpoints of this kind of systematization.

Of course, the locations, tools and equipment for extracurricular activities, such as scientific experiments, music, art, workshop, ballet and athletic sports are amply offered in every school in accordance with each student's preference and individuality. But the Children's Palaces put the finishing touches on the school's extracurricular activities; all students take turns coming here about once a month. The Pyongyang Children's Palace was built in 1963. It has 500 rooms inside, and 250 of those are used for extracurricular activities.

All children are given sufficient opportunity to grow toward becoming young scientists, engineers or athletes according to their aptitudes, abilities and preferences. Also, remarkably highly skilled professional-level orchestras and ballet troupes are formed from among them. The level of collective skills of the completely socialized extracurricular educational activities is surprisingly high. The ideal of child education is that ordinary clothes and tools are offered completely free and lavish activities are possible in accordance with preference and ability. In many Western countries, it is the burden of each family to send their children to private schools and given them special lessons in order to give them these skills. Those costs run to amazing amounts. For example, in order to send one athlete of Emi Watanabe's [Japanese Olympic figure skater] calibre to a skating competition, the family's cost would run into the hundreds of thousands. In North Korea, any child who has the interest and ability will be given the opportunity to practice and train to become an athlete of Emi's level.

This country's compulsory education system was put into effect on a trial basis from 1972 as a 10-year compulsory school education in some regions, such as Pyongyang, and in September 1975 the system was extended to all regions and called a general 11-year system of compulsory education. A 1-year kindergarten before school age (6 years of age), a 4-year people's school (elementary school), a 6-year middle high school (divided into 2 years and 4 years) all became compulsory education. This system began when the 4-year people's school became a compulsory system in 1956. In North Korea, tuition and textbooks are always without cost through higher education beyond compulsory education, and uniforms, school supplies, extracurricular activity supplies are all provided free. Of course, there are exceptions; it is possible to purchase them privately because of individual interest, but they are low-priced for the most part. This signifies that the national policy of "all children are kings" is actually being carried out.

In the case of university education, even the buildings themselves are remarkably splendid. Namely, Kim Il-song University's buildings have more style in external appearance than Tsukuba University and Chuo University which are said to be the newest style in present day Japan, and it is enough to just know that they are in

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the midst of further expansion plans. However, it is characteristic of North Korea's higher education to be carried out by sticking to practical subjects directly coinciding with the country's plans for economic development. Except for standardized textbooks of the basic subjects, almost no respect for pure theory can be seen. Perhaps it can be said that this is the greatest weak point of this country's higher education and scientific research, together with the one-sided devotion to Kim Il-song's thought referred to later.

However, for higher education, the system has only been tentatively completed. In each province and main city there are universities above the 3 year higher special schools in each district; and especially in the factory districts, there are factory special schools and factory universities. Both have day school, night school and correspondence school departments. The higher education system of studying while working coexists with the higher education system of devoting oneself to studies, research and education. Importance is allocated to lifelong education in North Korea; and the system of continuously studying new things after work is even an obligation for administrators including university instructors and executive officials. In-service training for administrators takes place for one month each year at a people's economic university where a remarkably well furnished boarding system has been set up.

Perhaps this is equivalent to the section head/department manager level in-service training institutes of Japan's large enterprises, such as Hitachi's In-service Training Institute. However, in this country reeducation is applied to all administrators as a national system; and the frequency of in-service training in the lifelong education system is by far higher than in the case of Japan's large enterprises. This system is placed at the apex of the plan to make the entire country a gathering of active intellectuals.

There was not even one university in the northern half of Korea when Japan's colonial rule collapsed. The number of Korean university graduates in Pyongyang was no more than 12. When Kim Il-song University started on 1 October 1946, there were no more than a few instructors, including the scholars who joined from Keijo University in the south. Since those few instructors produced the first 19 graduates in physics and mathematics, Kim Il-song University has grown at present to 13 schools, 80 professorial chairs and more than 500 laboratories and 5 research centers.

Now the students number 12,000 and school personnel number more than 3,500 (including 1,700 instructors). Moreover, at present North Korea has 162 universities, including Kim Il-song University. There are 10,000 schools, including the universities, and there are more than 60,000 kindergarten and nursery schools. Given the fact that 8.6 million students from pre-schooler to university student are receiving a high quality education, it is fitting to call North Korea an education kingdom unrivaled by any other developing nation.

Even compared to the advanced industrial nations such as Japan which have various, miscellaneous schools, it is superior in that opportunity is given for all kinds of study free of cost. Of course, there are big questions concerning electives. But when compared to other third world countries and other countries in the communist bloc, it cannot be denied that North Korea is a prize pupil in terms

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of education. The one million intellectuals who have already graduated from North Korea's universities are active. When it is considered that in 1980 there are presently 400,000 university students (excluding industrial universities and agricultural universities), I don't suppose the dream of making intellectuals of the entire country's 17 million is that far off. The ratio of specialists among the entire population has already reached 19.2 percent. Perhaps the problem is how to raise the quality of the universities in the future and how to improve the quality of higher research activity.

However, concerning this point, I cannot help but question the future of this country which adheres solely to practical education and lacks a political culture for pure scientific free discussion. In the future, it will probably be difficult to develop a higher quality in this country's scientific research, especially social science research, without going in the direction of liberalization through exchange with the West.

However, as far as can be seen at the present, the mystery of North Korea's growth is clearly the success of the education system. Education's contribution to economic growth is something that economics formerly almost ignored in the theoretical system. I have previously emphasized the necessity of discussing the secret of economic growth in post-Meiji Japan in connection with the growth of education and research. For example, after the Meiji Restoration, the first thing Japan established was the spread of compulsory education. Then middle level agricultural schools, fisheries schools, commercial schools, and technical schools became prime movers of Japan's economic growth. Furthermore, higher agricultural and forestry schools, the Fisheries Institute, Communications Institute, higher technical schools and higher commercial schools supported the technological aspects of the next level of economic growth. Parallel with these, it can be said that agricultural experimentation stations, fisheries experimentation stations and technical experimentation stations greatly contributed to the improvement of Japan's productivity.

Of course, it is a fact that the university system, beginning with Tokyo Imperial University, started in early times. However, before the war these universities never went beyond contributing to the formation of an elite class.

It was after the war that the popularization of the universities became the basis of new high-level growth. These facts can be positively verified by an investigation of the correlation of time differential and the increase of GNP.

For example, after the war, the increase of university students and the increase of GNP shows the greatest correlation with a 7-year time lag; this constant is expressed as a wave. The increase of graduate students has a 5-year time lag and the same wave is indicated. This is called spectrum analysis in statistics.

Unfortunately, since statistical data are not available in time series in North Korea, the method I have used with Japan's economic growth cannot be applied. But from the experience my research concerning Japan, there is no doubt that new facts could be discovered if the secret of North Korea's economic growth could be studied quantitatively.

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The North Korean authorities should not simply repeat Chuche thought which is characteristically North Korean, but should offer time series data concerning North Korea's economic development to Western scholars.

Extended Average Life Span

In the components of this country's per capita GNP, it is not only education that is guaranteed by this system and holds a position of great weight. A systematic guarantee of both medical care and the necessities of life, especially housing is amply provided. The so-called "civil minimum" is sufficiently provided.

For example, not only is there completely free medical care for everyone, but also the level of quality is quite high in both medical treatment and prevention. It will be sufficient just to look at the extension of the average life span. In 1945 the average life span of North Korea did not reach 38 years. The greatest reason was the high infant mortality rate and contagious diseases. However, in 1980 the average life span has reached 73 years. Each year it has increased an average of one year. Japan's Ministry of Health and Welfare recently published a chart comparing the increase rates of other countries and showing that Japan's average life span is 73 for males and 78 for females. However, North Korea was not included in this comparison. If North Korea had been in this chart, it would be quite obvious that North Korea showed the fastest rate of increase in the world.

Since unfortunately I could not see the inner working of the medical care system, unlike education, I can only discuss it by assuming the figures in this area. However, in order to inform the Western nations of the true situation in North Korea, it would be far better to be straightforward in showing the figures rather than just publicizing Chuche thought.

If education and medical care hold positions of great weight in GNP, what about housing? The present situation is changing from 2DK (two bedrooms, dining room and kitchen) to 3DK (three bedrooms, dining room and kitchen). Furthermore, this country has not only cold water but also hot water in the homes. This was done by making use of the pre-war "ondol" technology; and attempts are being made to systematize this, along with heating equipment, throughout the country. It must be said that on this point North Korea is more advanced than Japan, a great economic power and advanced industrial nation.

All this indicates symbolically that North Korea's economy has succeeded in industrialization based on an independent technology. In the 14 years from 1956 to 1969, North Korea's industrial ratio rose from 34 percent to 74 percent, and it nearly accomplished its objective of industrialization. During this period the annual average industrial growth rate was 11.1 percent. After that, in the second 7-Year Plan from 1970 to 1976, industry continued an annual average growth of 16.3 percent. The machine industry ratio of 5.1 percent in 1970 reached 33.7 percent in 1976.

The time has now arrived when North Korea will begin moving toward a target of automating industry. But so far as computers are concerned, they have only six computers of their own make; beyond that, they depend on imports from Poland and

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France. This is close to the situation in Japan during the period from 1957 to 1958. There were three Japanese-made computers in Japan in 1957, but that suddenly grew to more than 30 in 1958.

When it is considered that North Korean made computers have only a 20 K memory, it must be said that North Korea's lag in this aspect is greater than other aspects. So far as the level of science and technology is concerned, it can be assumed that except for some particular areas, North Korea's average level is close to the average level of Japan around 1960.

As seen in the example of computers, it was natural that this country chose the subjects of improvement of the quality of science and technology and improvement of the quality of education as the main themes for this year's 6th Congress of the Korean Workers' Party.

[12-15 Aug 80, pp 58-63]

[Excerpts] New Leader of Non-alignment Reconstruction

Concept of Living Wages

This time I would like first of all to look at North Korea's economy from the quantitative aspect of industrial production. For example, when one looks at the volume of steel production, at present both North Korea and South Korea are producing nearly 4 million tons annually. Likewise, it is anticipated that in the mid-1980's both will nearly double that to 8 million tons. When this is divided by North Korea's population of 17 million and by South Korea's population of 37 million, North Korea will have more than twice the per capita production amount of South Korea. Certainly when compared to present day Japan's steel production capability of 120 million tons, this is too small for comparison.

But when this also is divided by Japan's population of 115 million, it is about one ton per person. North Korea's per capita amount of about 0.22 tons is one-fourth or one-fifth that of Japan. For the most part, the figure of one-fourth to one-fifth seems to be reasonable when compared with Japan's per capita national income of 8,000 dollars.

When consideration is given to the fact that steel is a key industry for industrial nations, it can be said that there is further evidence to the fact that in terms of volume of estimated industrial production, North Korea's per capita GNP is 1,920 dollars and it has just about that much of economic power.

In North Korea, the price of such necessities as food is remarkably low. Consequently, monthly salaries are also low. It is unquestionable that a relationship has been established between low prices and low wages.

One more thing supporting such a relationship is the systematic guarantee of the civil minimum in relation to medical care, education and housing. When the official guarantee of a civil minimum is deducted from the components of per capita national income, wages are low. This is capitalistic, but in countries which set up social security, high taxes are often levied. Logically that is the same as sharp reduction in free income in these countries.

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Indeed, compared to Sweden, a country representing the capitalist system and welfare state, North Korea's per capita national income is at most one-fourth or one-fifth. In North Korea, the salary is called living wages. Although salary is not entirely to be considered as living wages, it is close to being a surplus compensation after the civil minimum has been generally met. In the case of workers at the Kanson Steel Mill, the living wage is approximately between 9,000 yen and 40,000 yen. The average living wage is about 12,000 yen.

At first glance, perhaps it will be considered a very low wage with fairly large disparity. But first of all, if the low prices are considered, it cannot be considered that bad when compared to Japan's wages. For example, when related to the Japanese yen, one kilogram of rice in North Korea is roughly 100 yen; and if rice is provided at work or school, one kilogram of rice is only 10 yen or so. If rice in Japan is 400 yen per kilogram, then regular rice is one-fourth that of Japan, and would be one-fortieth at one's work.

Simply moving the living wage on a slide rule to correspond to the relationship of the price of regular rice with the price of rice in Japan, the worker's relative salary is from 36,000 yen to 160,000 yen. In fact, it would be between 360,000 yen and 1.6 million yen if it corresponded to the price of rice at one's working place. The relative wage differs depending on what it corresponds to. Either way, a comparison with Japan is terribly difficult.

Moreover, the difference between workers is close to the surplus compensation after the civil minimum has been supplied. It can also be said that the difference shown in the figures on living wages greatly affects only the surplus portion. Indeed, by and large about 2 percent of the living wage must be paid for housing expenses. Likewise, all in all, it is a small amount, but rice provided at work must be paid from the living wage. Consequently, although one may call it living wages, it cannot be totally a surplus compensation.

However, it is a fundamental mistake to compare the living wage as exactly the same as wages in the Western world. Let's be clear about that. The livelihood level of this country is in no way as low as expressed by the living wage.

Development of Coal Chemistry

When North Korea is compared to other countries in the third world, it has made its own development in terms of economic growth. What has been the prime mover of North Korea's development? That was just the question which this visiting group of scholars, including this writer, considered.

Earlier I sought the secret of North Korea's development in its all-out effort it put into education. Naturally, one must examine both the quantity and quality of education. I already touched on the fact that the high quantity and quality of compulsory education, the amount of post-university education, the system of life-time education and the emphasis on practical science and technology are the framework.

How are these expressed in the aspect of science and technology? That becomes clear by looking at the present situation in North Korea's science and technology.

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The level of North Korea's science and technology is close to Japan's situation from the end of the 1950's to the early 1960's. For example, looking at the Kanson Steel Mill, at present, automation is merely about to begin in part.

On this point, it is far behind South Korea which adopted the most advanced technology of Japan. However, North Korea is independently developing the technology for which it has the aptitude and is trying to use that to the fullest.

With regard to computers, in the twilight period of computers in Japan, all the energy in computer development was concentrated in hardware. In fact, the development of software showed an uncoordinated lag until recently. On the other hand, in North Korea computers are still in the very early stages, but the training of software personnel has already shown up as a key topic.

In North Korea, it is hoped that hardware and software will be developed in parallel. The development goal since the beginning has been to independently develop the technology for which they have the aptitude and to make full use of it. It can be said that this is what can be called the harmonious development formula.

In this country it does not seem that just some parts have developed too abnormally. A typical example is the flowering of the chemical industry built on coal in order to use their plentiful coal. It can be said that the chemical synthetic fiber vinylon made from anthracite coal and limestone is the result of North Korea's independent harmonious development of science and technology.

Certainly this country was left a legacy of plentiful hydroelectric power generation and a certain level of coal liquefaction technology from the period of Japanese occupation. However, physically these were totally destroyed in the Korean War. It must be understood that North Korea had the intellectual capacity to use this legacy.

Up to this time, large amounts of economic aid and technological assistance have been given to the developing countries by the advanced industrial countries. However, almost none has yet succeeded in an independent development of the economy. However, North Korea has independently brought to fruition in a unique way thermoelectric power generation and the chemical industry using coal.

Only North Korea has succeeded in clearing the way for a development different from the West's chemical industry which depends on oil. The reason is because North Korea developed the potential capability of an independent science and technology development. It should not be denied that the basis was the establishment of an education system with practical science as its focus.

Weaknesses of Science and Technology

However, there are also weaknesses in the country's science and technology. One point is that pure scientific research is looked down upon in comparison to technological development centered around practical science. At the very most, the system of pure science appears only in the standard textbooks at the level of basic education in the university. There is a lack of opportunity for the free discussion essential for nurturing pure scientific theory.

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Likewise, international exchange indispensable for the growth of pure science is markedly weak. Let us say that because of that the creative development of pure science has been hindered.

In this aspect, North Korea is a country close to being an isolated country similar to Burma. After all, creative development cannot be hoped, for if it is completely shut off from the first-line research of foreign countries at the university level. The Kim Il-song University buildings themselves were quite splendid. The lag in the internationalization of university education and research content somehow is all the more conspicuous.

When I mentioned this to a certain university professor after returning to Japan, he said that since Japan also lags behind in internationalization, it is but a matter of difference in degree.

Certainly, university education reform is a worldwide subject. It is not just a problem of North Korea's universities. But even though it is a question of difference in degree, the difference is nonetheless great. On the other hand, whether Japan can maintain this difference or not in the future is a great problem.

It is said that at the 6th Congress of the Korean Workers' Party improvement in the quality of the universities and the further development of science and technology should be set forth as the most important objectives.

However, in this country there is over emphasis of uniform feelings of respect and devotion toward President Kim Il-song and practical anthropocentrism in accordance with the president's on-the-spot guidance. It is difficult to demonstrate individual independence and creativity simply by abiding by the instruction of President Kim Il-song. A great professor demands independence and creativity exceeding his own from his students. In that sense, this country may have problems in the future because of the greatness of the position held by President Kim Il-song.

Kim Il-song's Significance

Why does Kim Il-song hold such a great position? A person coming to this country from a foreign country is at first puzzled by this. Because of that there even seems to be a tendency toward resistance. There were such members in our group of visiting scholars. It is natural that prejudiced liberalists, in particular, would resist to the extent that they cannot detect the reasons. However, looked at politically, the secret is quite obvious.

Kim Il-song has been the powerful leader of Korea's independent revolutionary movement since the 1930's. Large amounts of material on him are on exhibit at the Revolutionary Museum. It is interesting that original material of the Government-General of Chosen, which was the machinery of the Japanese colonial government, is arranged alongside of the materials written by Kim Il-song himself.

Because they are items of the Government-General of Chosen, these materials on Japan can almost not be found among Japanese diplomatic documents. The same thing can be said from the time Korea became a Japanese colony back in the Meiji Era. When experts of Japanese diplomatic history write about the history of

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Japan's diplomacy, they normally would not use these materials even if they were available because it is thought that diplomacy and domestic politics are completely separate.

Among these materials there are things which are absolutely unobtainable in Japan. Even if available, they would perhaps be difficult to locate. Important parts relating to the Korean peninsula are missing in the Japanese government's diplomatic history since 1910. It may be said that the history of Japan's policy toward China and Manchuria has been told with a great deal of bias. For sure, a fundamental rewriting of the history of the Manchurian Incident would be required if the materials left in North Korea are consulted.

At the beginning of 1960, I pointed out in the first volume of "Taiheiyo Senso e no Michi" [The Road to the Pacific War], entitled "Manshu jihen zenshi" [History Prior to the Manchurian Incident] that the Korean independence movement in Jiandao Province just prior to the Liutiao Gorge Incident was significant. Researchers of history prior to the Manchurian Incident generally ignore this. When this writer saw the materials relating to Kim Il-song at the Revolutionary Museum, I realized that this could be substantially reinforced.

Of course, the selection and arrangement of the materials at the Revolutionary Museum gives too much emphasis just to the successful aspects of Kim Il-song's revolutionary leadership. That can be understood from the fact that one part of the materials were arranged after having been partially erased. In North Korea, the revolutionary leadership of Kim Il-song has become the mythology of the nation's birth in order for the country to be established independent of Japan's colonialism.

And yet it was clear from the materials of the Government-General of Chosen that the relative importance Kim Il-song had on the country was great. Furthermore, it cannot be denied that his significance is emphasized when the materials directly related to him are added.

Not only did Kim Il-song display ability in terms of leadership of the revolutionary movement, but also he himself actively participated in the actual nation-building. For example, even when Kim Il-song University was founded, he assumed leadership. There is a picture of Kim Il-song and several professors who had rushed north from Keijo University of colonial times in the South putting arms around each other's shoulders in a field where there were neither school buildings nor students.

Not only that, when the steel mills, shipyards, farms, child care centers and Children's Palaces were first founded, Kim Il-song appeared everywhere and afterwards made repeated on-the-spot guidances.

Certainly when one considers the scale of a country with a population of about 17 million, it is understandable why the nation-building leadership of Kim Il-song was successful. However, isn't it amazing that Kim Il-song himself, as the founder of the various systems, made direct visits to and worked at the actual sites.

He was not only the leader of the nation's birth and the establishment of the nation. To use the words currently in vogue, Kim Il-song fits into the category of guided totalitarianism whose nations are in the stages of formation and development. The increasing trend in U.S. political science is to assess guided

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totalitarianism and military dictatorship in developing nations as necessary and indispensable for those nations. Certainly this has the sense of ratifying the political status quo of the developing nations which the U.S. is assisting.

However, it can be said that the fact the U.S. cannot help but recognize the necessity of strong leadership in the process of national development in the developing nations comes from the actual political situation of those countries. For example, in South Korea in the southern half of the peninsula, Syngman Rhee carried out the role of dictator in the building of the nation. Pak Chong-hui was a guided totalitarian leader. Chon Tu-hwan is aiming at the development dictator-style leadership. Pak Chong-hui was assassinated as a man who did not go beyond the limits of guided totalitarian dictator. Chon Tu-hwan may not be able to succeed even as a guided dictator.

In comparison, not only was Kim Il-song the leader of the nation's birth and of the nation-building, but he was also a guided dictator-style leader. In addition to that, he was also the commander-in-chief in the war of liberation during the Korean War. In the achievement of leadership in the four processes of the nation's birth, nation-building, development and war, neither Syngman Rhee, Pak Chong-hui nor Chon Tu-hwan matches Kim Il-song.

Kim Il-song's charisma is too great in North Korea but it must be said that this has its roots in this country's history.

While talking to many people in this country, I could only think that the substance of the "love and respect" for their loved and respected Kim Il-song came from the bottom of their hearts. When Emperor Meiji passed away, the Meiji Japanese, although not all of them, grieved deeply. The picture of Japanese prostrating themselves in front of Miyagi still remains.

In Kim-Il-song's case, perhaps the whole North Korean nation would wail and cry. This writer could not help but feel this way while visiting this country.

This country's political culture brings to mind Japan's Meiji Era. It often appears even in the melodies of their music. The proper, sentimental and mournful music which recalls the great songs of grade school in the period before the war is unmistakably the political culture of Meiji even though there is a feeling of a mixture of a somewhat Soviet tone or Chinese tone. It may be said that one almost doubts whether this is the song of a communist bloc country.

If Japan's nationalists who are interested in and yearn for the old days of Meiji could listen to this music, they would undoubtedly like North Korea. Certainly the liberal intellectuals who are surprised at the greatness of the position held by Kim Il-song cannot help but give a negative assessment to Kim Il-song's significance. But when it is discovered that the key to understanding this country is in Meiji Japan, many questions are resolved. Moreover, as already mentioned, this country far exceeds Meiji Japan in many aspects.

Sudden Intimacy with Non-alignment

This country has the latent possibility of becoming the standard-bearer of the demands for the establishment of a new international economic order by the third

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world countries since the 1970's. The third world leaders continuously visited President Kim Il-song when he attended President Tito's funeral. I thought that the close-up television shots of Kim Yong-nam, director of the International Department of the Korean Workers' Party and President Kim Il-song in Belgrade expressed symbolically the future of this country.

North Korea, which has been a member of the non-aligned nations conference since 1976, will perhaps perform the role of unification within the nonaligned movement after Tito's death. The non-aligned movement showed a critical condition of disintegrating after the Soviet Union's invasion of Afghanistan. Kim Yong-nam, director of the International Department of the Korean Workers' Party, stated the expectation that this crisis of disintegration can surely be resolved if the time is taken and a more solid nonalignment movement will be rebuilt.

Until now, North Korea was a country close to being isolated like Burma. A country close to passive non-alignment cannot help but come out of a prolonged isolation. But after becoming a member of the non-aligned countries' conference, North Korea has suddenly changed its position. The proviso that made it possible is that North Korea is almost the only country in the third world which has succeeded in the development of an independent economy. North Korea is a Burma-like country. In terms of economic development, however, it is a best pupil of the Burma-like country. In contrast with Burma, which itself failed in terms of economic development, North Korea can be placed in a position of utmost success as a Burma-like country.

From the United Nations Special Conference on Resources in 1974 to the UN Special Conference on Arms Limitations in 1978, there has been remarkable activity toward the establishment of a new international order by a group of 77 non-aligned nations. As the number of this group of 77 nations increased, signs of dissolution also appeared. It cannot be said that the cause of this dissolution was simply the USSR's invasion of Afghanistan.

The international political reasons which put the unity of the non-aligned countries into disarray were never ending, such as the worsening of the relationship between Vietnam and Cambodia on the Indochinese peninsula and of the relationship between China who supports the Pol Pot government and Vietnam who supports the Heng Samrin government, and furthermore, the confrontation between the USSR which supports Vietnam and China which is moving in the direction of alignment with the U.S.

In addition, even though the non-aligned countries formally advocate nonalignment, there do not seem to be any examples of maintaining an independent economy which would ensure non-alignment. If the foundation of a self-supporting economy is weak, they will either depend on aid from the advanced industrial nations of the West or have to accept aid from the Eastern countries. In the extreme, aid from the major powers easily creates a political, economic and social dependency whether it be from the West or from the East.

Even though the non-aligned nations display the lofty ideals of a new international order and arms limitations, if a national independent economy does not materialize and the structure of oppression takes root in the nation, those ideals are no

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more than mere theory. Despite the fact that social justice must actually be founded in a new international order, there are many countries which suppress human rights at home and to do that depend on arms assistance and imports from the major powers. It can be said that the prospect that a new international order and arms limitations will be achieved is very bleak.

It seems that among the third world countries with a fragile basis for a self-supporting economy, North Korea at present has succeeded in a self-supporting economy in proud isolation and is taking giant steps toward nonalignment. North Korea received aid from the USSR in the early days of establishing the nation and after that received aid from China during the Korean War. Despite that, North Korea has now rid itself of the signs of that aid and is advancing on the path of independent national development.

It succeeded in breaking away from Soviet influence in the 50's and in breaking away from Chinese influence in the 60's. The role Kim Il-song's so-called Chuche ideology played at the time of the establishment of this independent development line was extremely great. The strength of the Korean Workers' Party which tried to walk the USSR line or the China line under the influence of the USSR and China was unable to have a certain ideological foundation in opposition to Kim Il-song's Chuche ideology. Simply stated, Chuche ideology is a thoroughly anthropocentric ideology in which the essence of man is independence and creativity. If North Korea is able to become the model for the third world's development, won't the secret be found in this ideology?

Lag in Japanese and U.S. Recognition

Of course, to do so, it is necessary for North Korea to be more exhaustive in the way it has always kept its independence between China and the USSR until now. Because of that, North Korea is now driven by the necessity of becoming more intimately related with the U.S. and Japan, and of further strengthening the economic and political base of non-alignment. Regarding this, the U.S. and Japanese postures of dealing with this has been surprisingly slow. In particular, Japan has been dreadfully slow.

The tight economic union between South Korea and Japan is a hindrance, and despite the influential leading Liberal Democratic Party members' desire to visit North Korea, before it is known, that is quashed. It must be said that is is surprising. It is clearer than day that the touchstone of Japan's future third world diplomacy is in the establishment of diplomatic relations with North Korea, a "near but distant country."

Of course, one more touchstone of Japan's third world diplomacy is the establishment of diplomatic relations with the Palestinian Liberation Organization (PLO). Both the creation of a peaceful coexistence on the Korean peninsula and the creation of peaceful coexistence in the Middle East need a major turnabout in Japan's third world diplomacy. Palestine which the PLO is trying to establish as a nation is an oppressed area cut off from the major powers-centered order even among the third world countries. Likewise, the Korean peninsula is an oppressed area in which one people is divided into two through the subordination of the major powers.

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In such areas, there has been a major tendency for change in the world since the 1970's for independence and autonomy to begin to sprout. The fact that North Korea is trying to become the model for the third world as the leader of non-alignment while endeavoring to be independent of China and the USSR is due to nothing more than the fact that in this trend of world change North Korea has established the most solid independent economy.

In this paper it has not been possible to accomplish a clarification of the terms for the peaceful unification of the Korean peninsula nor to state the outlook for that. However, all the members of this group of scholars visiting North Korea has the strong impression that at present North Korea is an outstanding prize pupil among the third world countries both in the level of economic welfare and in the level of aspirations for peace. Perhaps it is necessary for both the U.S. and Japan to stop the continuation of the cold war policy which has brought about the permanent division of 10 million separated families and to immediately switch to a policy of peaceful coexistence.

The method which should be the basis for this can be nothing other than the adoption of a confederate system in a form where the present status quo of the political, economic and social systems of both the Democratic People's Republic of Korea and the Republic of Korea is solidified as is for a long period of time. This is actually what North Korea proposed, but in the implementation, perhaps it is possible for full consideration to be given to the assertions of the South. If Japan, a developed economic power to which the UN University was brought and where there are already more than 330 self-governing bodies proclaiming the World Federation of Nations, does not give due attention to the federal system, it will be said that the quality of Japan's political culture is extremely low.

The achievement of peaceful unification of the Korean peninsula together with a peaceful solution to the Middle East Palestinian question will be the unavoidable problems for the leaders of both Japan and the US governments in the 80's.

The leaders of both Japan and the U.S. in the 80's may have to make these two subjects the foundation of third world diplomacy, human rights diplomacy and the diplomacy for the creation of a peaceful order. If not, both Japan and the U.S. will before long be criticized by the world and become totally estranged from the path of achieving true security for earth's community.

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